MARKET UPDATE

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Gold eyes best week in five months.

Gold prices were poised for their biggest weekly jump in five months on Friday, hovering near a historic high, as Federal Reserve Chair Jerome Powell's remarks cemented mid-year interest rate cut bets, ahead of a U.S. key jobs report later in the day.

Spot gold was flat at $2,157.32 per ounce, as of 0601 GMT, hovering around a record peak of $2,164.09 hit on Thursday.

U.S. gold futures were flat at $2,164.60.

"While a spur of short-term speculative activity primarily driven by CTAs (Commodity Trade Advisors) and algorithmic trading prompted the gold rally, it's very much this expectation of interest rate cuts in the not-too-distant future that's backing it," said Nikos Kavalis, managing director at Metals Focus.

Powell said that Fed was "not far" from gaining the confidence it needs in falling inflation to begin cutting rates, which he said are likely to happen in the coming months.

Oil prices rise.

Oil prices rose on Friday, driven by growing demand in the world's biggest consumers, the United States and China, while the U.S. Federal Reserve gave a positive signal on the possibility of rate cuts.

Brent crude futures were up 0.7%, or 58 cents, at $83.54 a barrel by 0700 GMT. U.S. West Texas Intermediate crude futures rose 0.9%, or 69 cents, to $79.62.

Both contracts were down slightly on the week so far, however, with Brent and WTI down 0.1% and 0.5%, respectively.

Data from the Energy Information Administration showed that U.S. gasoline inventories fell 4.5 million barrels last week, and distillate stockpiles were down 4.1 million barrels. Both fell more than expected, in a sign of strong demand.

"With the U.S. driving season just on the horizon, the market could get even tighter in coming weeks," ANZ Research said in a note.

In China, imports of crude oil rose 5.1% in the first two months of 2024 from a year earlier, and India's fuel consumption increased 5.7% in February on the year, amid strong factory activity in the world's third-biggest oil importer and consumer.

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Asia shares hit 7-month high.

Asian stocks rose to a seven-month peak on Friday and eyed their firmest week in more than two months as investors cheered the prospect of an imminent rate easing cycle led by major central banks, keeping the dollar and Treasury yields under pressure.

Japan remained an outlier as expectations mount that the Bank of Japan (BOJ) could finally exit negative interest rates this month. That lit a fire under the yen and sent domestic bond yields rising.

MSCI's broadest index of Asia-Pacific shares outside Japan peaked at 538.47 points in early Asia trade, its strongest level since August. It was last 1.15% higher, and was eyeing a weekly gain of about 2%.

Global stock indexes had in the previous session rallied to record highs after the European Central Bank (ECB) laid the ground for a potential rate cut in June, while Federal Reserve Chair Jerome Powell struck a similar tone on the path of U.S. rates.

EUROSTOXX 50 futures rose 0.16%, while FTSE futures tacked on 0.09%.

S&P 500 futures gained 0.02% while Nasdaq futures fell 0.17%.

"Very seductive words when it is uttered by the Fed Chair, it appears, in the context of confidence to initiate rate cuts," said Vishnu Varathan, chief economist for Asia ex-Japan at Mizuho Bank. "Markets were certainly not shy in construing this as an open invitation to pivot-type rallies."

The two-year U.S. Treasury yield, which typically reflects near-term rate expectations, fell to a one-month low of 4.4940% on Friday as traders added to bets of imminent Fed rate cuts.

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